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C O N F I D E N T I A L SECTION 01 OF 02 WINDHOEK 000335

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SUBJECT: NAMIBIA: PRIME MINISTER CONVOKES CHARGE ON MCC

REF: WINDHOEK 331

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Classified By: Charge d'affaires, a.i. Matt Harrington;  
reasons 1.4 (b) and (d)

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Summary  
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11. (C) Prime Minister Nahas Angula convoked the Charge d'affaires October 21 to express the Namibian Government's (GRN) continued commitment to the Millennium Challenge Account (MCA) program, following news reports that senior ruling SWAPO party officials continue to have serious concerns about it. Angula refuted press accounts that the MCA Compact had been withdrawn from Parliament. He stressed that the Namibian Government (GRN) was still looking to ratify the Compact before Parliament's December-January recess. The Prime Minister emphasized that negotiations on the MCA Program Implementation Agreement (PIA) and a separate tax agreement need to be approved (or near approval) before Compact ratification. Despite the Prime Minister's assurances, some senior members of SWAPO still have questions about some of the details in the MCA Compact. Following the October 16-17 meetings of the SWAPO Politburo and other senior party officials, press outlets reported that some SWAPO leaders, including perhaps President Hifikepunye Pohamba, have concerns about some provisions in the MCA compact. End Summary.

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Prime Minister Committed to MCA Compact  
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12. (C) On October 21, Prime Minister Nahas Angula convoked the Charge to his office to discuss the state of play regarding ratification of the MCA program. The Prime Minister was accompanied by the Deputy Permanent Secretary for Foreign Affairs, Ambassador Hinyangerwa Asheeke, while the Charge was joined by the MCC Country Director and econoff. Angula noted that there had been a lot of "publicity" on MCA in the press following his last meeting with Charge on October 15 (reftel) and the subsequent gathering of the SWAPO parliamentary caucus. (Note: Angula never directly mentioned a SWAPO Politburo meeting on October 16 and 17, which the Namibian press has covered extensively - see paragraphs 6-7. End Note). The Prime Minister added that the GRN was trying to get the message out, and remarked it had placed a newspaper insert - a full four pages in the October 17 edition of the government-owned New Era - explaining the MCA program. Angula acknowledged that some members of the SWAPO caucus "misunderstood" (and some continue to misunderstand) the program.

13. (C) Despite press reports to the contrary, Angula

stressed that the MCA Compact had not been withdrawn from Parliament but, rather, that debate had been postponed so that pending concerns could be resolved. He reiterated the GRN's commitment to ratify the Compact before Parliament adjourns at the end of November. The Prime Minister emphasized that negotiation on the PIA and tax agreement -- the two now controversial implementing documents for the MCA program -- need to be "fast tracked" and essentially approved before ratification can occur. Angula also confirmed press reports that a group of party insiders, led by Dr. Albert Kawana, the Minister of Presidential Affairs and Acting Attorney General, would provide "political oversight" of the Namibian contingent in the negotiations over the PIA and the tax agreement.

14. (C) Parliamentary debate on the MCA program should begin in two to three weeks, the Prime Minister explained. He noted that the "(Namibian) MCA team will have to make a complete presentation to the caucus." The PM remarked that all outstanding issues (misinformation) ) such as the issue of concessions around Etosha National Park, exempting MCC from taxation and legal liability, and the supremacy of the MCA compact over Namibian law (except for the constitution) - will have to be addressed. The MCC Director provided the USG's explanations for each area of concern. The Prime Minister responded that the MCC Director's explanations were reasonable and should be transmitted to the Namibian MCA team. 5. (C) The Charge informed the Prime Minister that the Embassy team would "energetically pursue the PIA and tax agreement negotiations" and he hoped the Namibian team would do the same. The Charge and MCC Director pressed Angula on whether the current Namibian MCA team had the requisite authority to represent the GRN during the PIA and tax agreement negotiations, given the objections now being raised in some quarters about commitments previously made by the

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Namibian side. Finally, Charge expressed concern that the GRN's failure to ratify the agreement before parliament's December-January recess could have negative funding implications for the MCA program.

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But Now for the Bad News . . .  
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16. (SBU) According to press accounts, the SWAPO Politburo met on October 16 and 17 and discussed the SWAPO Youth Party League's (SPYL) recent accusations against the MCA compact (reftel). Since September 18, SPYL and other likeminded groups began making spurious claims that the Compact and the draft PIA would allow the USG to purchase Namibia's "natural treasures" and would infringe on Namibia's sovereignty. Press stories following the Politburo meeting provided conflicting accounts on what the SWAPO leadership decided. Some news outlets, including the government-run New Era newspaper, explained that the Politburo had "instructed Prime Minister Nahas Angula to ensure that the MCA debate is withdrawn from Parliament without causing more embarrassment for the party and Government." The independent newspaper, The Namibian, reported that SWAPO had decided to withdraw the MCA Compact from Parliament altogether. The Namibian claimed that unnamed sources had told its journalists that some ministers felt "duped" into accepting the MCA compact.

17. (SBU) The New Era also reported that President Hifikepunye Pohamba had "commended the SPYL for blowing the whistle, and remarked that, had the party youth wing not commented publicly on this issue, the country could have entered into a bad agreement." The New Era also claimed that Pohamba "lashed out at Minister of Works and Transport, Helmut Angula." (Note: During Namibia's two-year-long MCA compact negotiations, Angula was the government's lead negotiator as Director General of the Namibian Planning Commission (NPC). SPYL have focused many attacks on Angula, alleging he has sympathies with a breakaway SWAPO faction

that created a new opposition party (RDP) in November 2007.  
End Note).

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Comment  
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18. (C) We are encouraged that the Prime Minister reached out to us to reiterate the GRN's commitment to the MCA program. As noted in reftel, the controversy over the MCA Compact appears rooted in an internal SWAPO party conflict, primarily by a faction that appears intent on discrediting Minister Helmut Angula. Nonetheless, we believe it is possible to finalize the PIA and tax agreements in time for Parliament to consider the entire package before it adjourns in late November, so long as the Prime Minister's strong commitment is shared by the President and translated into strong instructions to the GRN negotiating team to conclude negotiations expeditiously. End Comment.  
HARRINGTON